

ARTICLE APPEARED
ON PAGE A-1

NEW YORK TIMES
9 September 1984

NICARAGUA REBELS REPORTED TO RAISE MILLIONS IN GIFTS

MONEY IS DONATED IN U.S.

Funds, Put at \$10 Million, Are
Also Said to Come From
Foreign Governments

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, Sept 8 — Nicaraguan rebels have raised more than \$10 million dollars in the last six months from private corporations and individuals in the United States and from foreign governments, including Israel, Argentina, Venezuela, Guatemala and Taiwan, according to Reagan Administration officials and rebel leaders.

Each of the foreign governments has denied any involvement with the rebels.

"We're raising more than \$1.5 million a month, much of it donated by private Americans and corporations, including some large, well-known companies," one rebel leader, Mario Calero Portocarrero, said in an interview this week. He and the other sources declined to identify any of the individuals or corporations.

Rebel Activities Continue

The money has enabled the main rebel group, the Nicaraguan Democratic Force, to continue its military activities despite reduced support from the Central Intelligence Agency, rebel leaders said.

In 1983, according to the State Department, Soviet bloc countries sent Nicaragua \$100 million in military assistance, most in the form of weapons, including tanks and antiaircraft systems.

Nicaraguan rebel leaders said many private American supporters have expressed concern about Soviet and Cuban activities in Central America and have offered money to help offset outside support of the Sandinistas.

Advice From the C.I.A.

The money has been funneled to the rebels through a series of foundations

and foreign-based corporations, some of which collect money for humanitarian aid to refugees, so that it cannot be traced back to the donors, the American officials and rebel leaders said.

Administration officials said the C.I.A. had advised the rebels about their fund-raising efforts but had not solicited funds for them in the United States or abroad and had not contributed any money itself beyond the amount authorized by Congress.

Last year Congress limited C.I.A. expenditures for the rebels to \$24 million in 1984 and prohibited any other direct or indirect support when that money ran out. Congress has refused to provide additional money requested by the Administration.

The House Select Committee on Intelligence, however, has indicated that it is not satisfied with agency assurances that it has remained within the spending limit and is investigating how the rebels have sustained their operations, lawmakers said. The rebels claim to have more than 10,000 men under arms in Nicaragua.

Committee members said contributions by private individuals and corporations in the United States may violate the Neutrality Act, which bars private support or participation in military expeditions against foreign governments that are at peace with the United States. Although relations between Washington and Managua have been strained, the two countries have continued to exchange ambassadors and are currently engaged in negotiations to resolve their differences.

Diversion of Money Barred

In addition, there is concern in Congress that money provided by other governments could have been drawn from United States foreign aid programs. The diversion of money or military equipment to a third country without the permission of the United States is prohibited by the Arms Export Control Act and the Foreign Assistance Act.

Administration officials said Israel and the other nations that have contributed money to the rebels have not diverted American assistance. Rather, they said, the countries have helped the rebels with their own money because they have a common interest in combating Communism and, in the case of Israel and Taiwan, hope to expand commercial markets for their products in Latin America.

Outside aid to the rebels became the focus of attention after two private American citizens were killed Sept. 1 when their helicopter was shot down in Nicaragua during a rebel air raid on a military training school in Santa Clara, near the Honduran border.

The two Americans, Dana H. Parker Jr., a police detective from Huntsville, Ala., and James Powell 3d, a part-time flying instructor from Memphis, were members of an Alabama-based veterans group called Civilian Military Assistance that has provided advice and military equipment to the Nicaraguan rebels and El Salvador's armed forces, according to group members and Administration officials.

Administration officials said on Friday that four senior Cuban military advisers were killed during the air attack and that the training school served as a base for Cubans and Libyans. Nicaragua said the only people killed were three children and a school cook and that there were no Cubans or Libyans at the site.

The Administration has denied any connection with the air attack or involvement in the participation of the Americans, the first known American casualties in the three-year-old Nicaraguan conflict.

Mr. Calero and other rebel leaders said much of the private money raised in the United States has been channeled to the insurgents through the Human Development Foundation Inc. in Miami.

Rebel leaders said the foundation is actually a Panamanian corporation. The Miami address listed in the newspaper advertisements for the foundation is a mailbox at a downtown office building at 444 Brickell Avenue.

The foundation, according to the rebel leaders, was one of a number of such organizations established to allow individuals and private corporations to make donations to the rebels for refugee assistance. This system, which the leaders said was modeled on C.I.A. money-handling networks, was designed to protect donors from possible violations of the Neutrality Act.

They said that some of the money does go to aid refugees. "Many Nicaraguan refugees in Honduras are relatives of our fighters and by helping the families we help our cause," a rebel representative said.

There is another Human Development Foundation in Florida, based in West Palm Beach. Its executive director, the Rev. William H. Kelley Jr., said it was a nonprofit, charitable organization that has been in existence since 1971 and is registered with state and Federal authorities. "They probably used our name to give themselves legitimacy," he said.

Rebel leaders said contributions from foreign governments had been sought since their operations began in 1981. Before the United States became involved in aiding the rebels, Argentina, and to a lesser extent Venezuela, were the main contributors, according to Administration officials.

Israel, they said, became involved last year when it made large contributions of Soviet weapons seized from the Palestine Liberation Organization during the 1982 Israeli invasion of Lebanon.

STAT